

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: SE-08-10
)	
)	
IDEAL FEDERAL SAVINGS BANK)	Effective Date: August 22, 2008
)	
Baltimore, Maryland)	
OTS Docket No. 08283)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Ideal Federal Savings Bank, Baltimore, Maryland, OTS Docket No. 08283, (Association), by and through its Board of Directors (Board) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, OTS Regional Director for the Southeast Region (Regional Director), is authorized to issue consent Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Order to Cease and Desist.

1. The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of:

- a. 12 C.F.R. § 560.101 (Real Estate Lending Standards);
- b. 12 C.F.R. § 560.93 (Loans To One Borrower); and
- c. 12 C.F.R. § 563.170(c) (Maintaining Records).

Merger or Acquisition

2. Effective immediately, the Board shall seek a merger or acquisition partner. The Board shall provide the Regional Director with a copy of a definitive merger or acquisition agreement no later than December 31, 2008. The Board shall provide the Regional Director with written updates on the status of its efforts to effect a merger or acquisition on a biweekly basis, with the first report due two weeks following the Effective Date of this Order, until consummation of the merger or acquisition.

Lending.

3. Effective immediately, the Association shall not make any new non-residential mortgage loans, commercial loans, land loans or acquisition, development and/or construction loans without the prior written approval of the Regional Director. Such restriction includes new loans made to current or future borrowers and modifications of existing loans that would result in an extension of additional funds. Such restriction shall not apply to new loans and modifications of existing loans for which the Association has a legally binding commitment in writing as of the Effective Date of this Order.

4. Notwithstanding the restrictions set forth in Paragraph 3, the Association may make loans to entities organized and operated for religious purposes that qualify for and have been designated as an “exempt organization” pursuant to 26 U.S.C. § 501 (c)(3) of the Internal Revenue Code, provided that each loan to an exempt organization must be (i) properly underwritten in accordance with the Association’s loan underwriting policies and procedures; (ii) fully secured and in compliance with applicable loan to value requirements; (iii) in an amount not to exceed \$150,000; and (iv) all outstanding loans to any individual exempt organization may not exceed \$150,000 in the aggregate. The Association shall fully document each loan’s compliance with the requirements of this provision.

5. Within sixty (60) days after the Effective Date of this Order, the Board shall establish and adopt reasonable loan concentration and exposure limits for each type of loan made by the Association. The Board shall require the Association’s Senior Executive Officers¹ (Management) to implement and comply with the loan concentration and exposure limits adopted by the Board and to provide the Board with quarterly updates regarding the Association’s compliance with such limits.

6. Effective immediately, the Board shall ensure that the Association complies with the lending standards and credit administration requirements set forth in 12 C.F.R. § 560.101, 12 C.F.R. Part 570 -- Appendix A, and related OTS guidance.

7. Effective immediately, the Board shall require Management to obtain the Board’s prior approval of any loan that would not comply with the Association’s loan underwriting policies and procedures, including underwriting guidelines and credit administration practices. The Board shall fully document its review and approval of such loans in the appropriate Board meeting minutes.

8. Effective immediately, the Board shall ensure that private mortgage insurance (PMI) is obtained on all loans made by the Association where the loan to value ratio exceeds the limits set forth in 12 C.F.R. § 560.101.

¹ The term Senior Executive Officers is defined at 12 C.F.R. § 563.555.

9. Not later than forty-five (45) days after the end of each calendar quarter, beginning with the quarter ending September 30, 2008, Management shall prepare and provide the Board with a quarterly report identifying all loans where PMI was obtained (PMI Loan Report). The PMI Loan Report shall identify all new loans made during the quarter with PMI and update the status of all existing loans with PMI. The Board shall review the PMI Loan Report and ensure that its review is fully documented in the appropriate Board meeting minutes.

Internal Asset Review Program.

10. Within sixty (60) days after the Effective Date of this Order, the Board shall review the Association's classified assets and develop and adopt specific strategies and steps designed to reduce the total level of classified assets (Classified Asset Strategies). The Board shall require Management to adhere to and implement the Classified Asset Strategies adopted by the Board.

11. Within forty-five (45) days after the end of each calendar quarter, beginning with the quarter ending September 30, 2008, the Board shall require Management to submit a written progress report to the Board updating the Association's compliance with the Classified Asset Strategies. The Board shall fully document its review of the progress report in the appropriate Board meeting minutes.

12. Within sixty (60) days after the Effective Date of this Order, the Association shall prepare and submit for Regional Director review an acceptable written internal asset review program (IAR Program) that is consistent with the requirements of OTS Chief Executive Officer Memorandum No. 140 (CEO 140) and designed to improve the Association's collateral position through repayment, amortization, liquidation, additional collateral, or other means on each loan or aggregate relationship in excess of \$100,000 that (i) is past due as to principal or interest more than 90 days as of the date of this Order; (ii) is on the Association's watch list; or (iii) was adversely classified or listed as special mention in the September 4, 2007 comprehensive examination of the Association (2007 Examination).

Growth

13. Effective immediately, the Association is subject to and shall comply with the requirements and provisions of OTS Regulatory Bulletin (RB) 3b. Without the prior written approval of the Regional Director, the Association shall not increase its total assets during any quarter, beginning with the quarter ending June 30, 2008, in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall remain in effect until OTS review and approval of the Association's Business Plan under Paragraph 14 of this Order.

Business Plan

14. Within sixty (60) days after the Effective Date of this Order, the Board shall prepare and submit to the Regional Director for review and comment a new business plan (Business Plan) covering the remainder of calendar year 2008. Prior to January 1 of each calendar year thereafter, the Board will prepare and submit to the Regional Director for review and comment a Business Plan covering that calendar year. The Board will make any changes to the Business Plan required by the Regional Director within thirty (30) days after receipt. Thereafter, the Board shall adopt the revised Business Plan and direct Management to follow and implement the revised Business Plan. The Board will require Management to provide the Board with quarterly reports on the Association's compliance with the revised Business Plan and such other information as the Board may request to assist the Board in monitoring the Association's compliance with the revised Business Plan. The Board's review of Management's reports and any other provided information shall be fully documented in the Board meeting minutes.

Bank Owned Life Insurance.

15. Within sixty (60) days after the Effective Date of this Order, the Board shall draft and adopt a policy governing the Association's investment in Bank Owned Life Insurance (BOLI). The Association shall not purchase any new BOLI on its executives or modify its existing policies to increase the coverage level existing as of the Effective Date of this Order. Further,

the Association shall consider strategies and options to reduce the current level of BOLI. Beginning with the calendar quarter ending September 30, 2008, the Board shall require Management to provide quarterly updates to the Board no later than thirty (30) days following the end of each calendar quarter. The Board's review and discussion of the quarterly updates on BOLI shall be fully documented in the appropriate Board meeting minutes.

Filling Board Vacancies.

16. Effective immediately, the Association shall actively seek new, qualified members to fill the vacancies on the Board, who are not members of (i) Management (defined as the officers of the Association, as the term "officer" is defined at 12 C.F.R. § 561.35); or (ii) the board of directors of any affiliate or subsidiary of the Association, and who are not deemed to be acting in concert (as that term is defined in 12 C.F.R. Part 574) with current members of the Board or Management or the board of directors or management of any affiliate or subsidiary of the Association. The minutes of the meetings of the Board held subsequent to the Effective Date of this Order shall fully document the Board's efforts to fill its vacant positions on a monthly basis and a copy of such minutes shall be provided to the Regional Director within ten (10) days after the date of each Board meeting.

Compliance.

17. Within forty-five (45) days after the Effective Date of this Order, the Board shall establish appropriate procedures and processes, including reporting requirements, to ensure the Association identifies and corrects consumer compliance weaknesses and deficiencies identified by internal and external auditors or consultants (Compliance Procedures). The Compliance Procedures will ensure that the Board: (i) reviews and considers the findings and recommended corrective actions of the internal and external auditors or consultants; (ii) discusses the corrective actions, including completion timeframes, adopted by the Board to address each weakness or deficiency (and explain any actions that conflict with or different from those recommended by the internal and external auditors or consultants); (iii) requires Management to implement and adhere to the corrective actions adopted by the Board; and (iv) provides for adequate reports by

Management that will ensure the Board monitors compliance with Board adopted corrective actions. The Board will require Management to implement and adhere to the Compliance Procedures adopted by the Board. The Board's discussions concerning the establishment of the Compliance Procedures shall be fully documented in the appropriate Board meeting minutes.

18. Within forty-five (45) days after the Effective Date of this Order, the Board will review the May 17, 2007 Cliber Compliance audit report and adopt appropriate corrective actions, including completion timeframes, to address each weakness or deficiency identified and/or discussed in the Cliber Compliance audit report. The Board will require and ensure that Management implements the corrective actions as adopted by the Board, including but not limited to requiring Management to provide monthly status updates to the Board.

19. Within thirty (30) days after the Effective Date of this Order, the Board shall review and revise the Association's policies and procedures for complying with the regulations of the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC), 31 C.F.R. Part 500 (OFAC Policy), to quantify the level of OFAC risk the Association is willing to accept for non-customer transactions, particularly involving sales of monetary instruments (e.g., money orders, cashiers checks, etc.) and wire transfers. The Board shall ensure that the revised OFAC Policy required by this Paragraph is fully adhered to by Management.

Management Changes.

20. Effective immediately, the Association shall comply with the prior notification requirements set forth in 12 C.F.R. Part 563, Subpart H.

Employment Contracts and Compensation Arrangements.

21. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides OTS with not less than thirty (30) days prior written notice of the proposed transaction. The notice to OTS shall include a copy of the

proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Severance and Indemnification Payments.

22. Effective immediately, the Association shall not make any golden parachute payment² or prohibited indemnification payment³ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Loans to One Borrower.

23. Within thirty (30) days, the Board shall review its existing policies and procedures regarding compliance with the Loans to One Borrower (LTOB) requirements set forth in 12 CFR § 560.93, and adopt and implement additional policies and procedures to address the weaknesses and deficiencies noted in the Association's 2007 Examination and to ensure the Association's compliance with its LTOB requirements (LTOB Policies). At a minimum, the Board shall ensure that the Association's LTOB Policies:

- a. require the aggregation and attribution of loans consistent with the common enterprise and direct benefit tests in 12 CFR Part 32;
- b. require each loan file to contain documentation and analysis sufficient to demonstrate that the Association has identified all related persons, entities, interests, or arrangements;
- c. establish dollar limits on extensions of credit to any one borrower, above which the prior approval of the Board, or a committee thereof, would be required;

² The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

³ The term "prohibited indemnification payment" is defined at 12 C.F.R. § 359.1(l).

- d. establish dollar limits on aggregate extensions of credit to any one borrower, above which any new extensions of credit to that borrower, regardless of amount, would require the prior approval of the Board, or a committee thereof; and
- e. require an analysis supporting that the loan is in compliance with 12 C.F.R. § 560.93 and 12 C.F.R. Part 32.

Books and Records.

24. Within sixty (60) days, the Board shall maintain and adhere to policies and procedures that will ensure the Association prepares and maintains accurate books and records in compliance with the requirements of 12 C.F.R. § 563.170(c).

Capital.

25. Effective immediately, the Association shall have and maintain: (i) a Tier 1 risk-based capital ratio of six (6) percent or greater; and (ii) a total risk-based capital ratio of ten (10) percent or greater, as set forth in 12 C.F.R. § 565.4(b)(1).

Board Compliance Committee.

26. Within thirty (30) days of the Effective Date of this Order, the Board shall appoint a committee (Regulatory Compliance Committee) comprising three or more non-employee Directors to monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective action required in the 2007 Examination.

27. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter ending June 30, 2008, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Order, the corrective actions required by the 2007 Examination and the results of all such actions. The Board shall review the Regulatory Compliance Committee's progress report and adopt a resolution: (i) certifying that each director has reviewed the progress report; (ii) detailing the

Association's compliance with the provisions of this Order and the directives and corrective actions contained in the 2007 Examination; (iii) identifying each instance of noncompliance; and (iv) setting forth in detail additional corrective actions or steps adopted or required by the Board to address each instance of noncompliance.

28. Within sixty (60) days after the Effective Date of this Order, and thereafter within forty-five (45) days after the end of each calendar quarter, the Board shall submit to the Regional Director: (i) a copy of the Regulatory Compliance Committee's quarterly progress report required by Paragraph 27 of this Order, and (ii) a copy of the Board resolution required by Paragraph 27 of this Order, including the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Order

Effective Date, Incorporation of Stipulation.

29. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

30. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

31. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be calendar based, unless otherwise noted; and

32. The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

33. All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes;

34. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (i) To OTS:
John E. Ryan, Regional Director
Office of Thrift Supervision
1475 Peachtree St., N.E.
Atlanta, GA 30309
- (ii) To the Association:
Ms. Yvonne Lansey, President and CEO
Ideal Federal Savings Bank
1629 Druid Hill Avenue
Baltimore, Maryland 21217-3497

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No Violations Authorized.

35. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/ _____
John E. Ryan
Regional Director, Southeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: SE-08-10
)	
)	
IDEAL FEDERAL SAVINGS BANK)	Effective Date: August 22, 2008
)	
Baltimore, Maryland)	
OTS Docket No. 08283)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Southeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Ideal Federal Savings Bank, Baltimore, Maryland, OTS Docket No. 08283, (Association) that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 USC § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceedings by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraph 1 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

a. the Association is a “savings association” within the meaning of 12 USC § 1813(b) and 12 USC § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 USC § 1813(c); and

b. Pursuant to 12 USC § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 USC § 1818(b).

2. OTS Findings of Fact.

Based on its September 4, 2007 comprehensive examination of the Association, OTS finds that the Association has violated applicable laws and regulations and engaged in unsafe and unsound banking practices, including but not limited to, excessive levels of delinquent loans and classified assets; failure to maintain adequate books and records; and violation of the Association’s loans to one borrower limits.

3. Consent.

The Association consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by OTS under 12 USC § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 USC §

1818(i) .

5. Waivers.

The Association waives the following:

- a. The right to be served with a written notice of OTS's charges against it as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- b. The right to an administrative hearing of OTS's charges as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- c. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 USC § 1818(h), or otherwise to challenge the validity of the Order; and
- d. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

6. OTS Authority Not Affected.

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Association if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

7. Other Governmental Actions Not Affected.

The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this

action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

8. Miscellaneous.

a. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;

b. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;

c. All references to OTS in this Stipulation and the Order shall also mean any of OTS's predecessors, successors, and assigns;

d. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order;

e. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters; and

f. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

9. Signature of Directors/Board Resolution.

Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation.

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

IDEAL FEDERAL SAVINGS BANK
Baltimore, Maryland

OFFICE OF THRIFT SUPERVISION

By:

By:

_____/s/
Yvonne F. Lansey
Chairman

_____/s/
John E. Ryan
Regional Director, Southeast Region

_____/s/
G. Michael Cooper,
Director